SERENE FINANCIAL SOLUTIONS

WEEKLY MARKET UPDATE

MONDAY

Stock Market: Investor confidence grew this Monday as investors awaited the CPI inflation report later in the week.

Stock Performance Today...
S&P 500: 0.90%
Dow Jones: 1.16%
NASDAQ: 0.61%

Earnings report data from major companies:

	Quarter 1 Revenue	Quarter 2 Forecast Revenue	Quarter 2 Revenue	% Estimated Quarterly Revenue Growth	Today's Stock Growth
Palantir	$0.34 B	$0.53 B	$0.53 B	56%	-1.15%
Tyson Foods	$13.13 B	$13.63 B	$13.14 B	0%	-3.83%
Lucid Group	$ 0.14 B	$ 0.19 B	$ 0.15 B	7%	-3.17%
Viatris	$3.7 B	$ 3.86 B	$3.91 B	6%	3.87%

WEEKLY MARKET UPDATE

Federal Reserve's Consumer Credit Report: This report provides an overview of consumer credit data for the second quarter of 2023 (April, May, June). Major data encompass the extent of outstanding credit held by U.S. consumers along with recent developments in interest rate fluctuations. These insights enable readers to grasp the influence that interest rates can exert on consumer credit demand and accessibility.

Broadly speaking, as interest rates increase, consumers tend to borrow less. This could be due to the elevated cost of borrowing caused by higher interest rates or the heightened caution of banks, leading them to be more risk-averse and less inclined to lend to consumers, particularly those with weaker credit histories. During the second quarter of 2023, the total outstanding consumer credit only saw a 4% increase compared to the previous year, marking the slowest quarterly increase since early 2021.

To understand the slowdown in the utilization of credit/loans by Americans, it is crucial to examine how interest rates impact borrowing expenses. As of Q2 2023, the average interest rate for a 60-month new car loan stood at around 7.81%. This is in contrast to the average interest rate of 4.85% for a 60-month new car loan in Q2 of the preceding year. While a $35,000 car with a $5,000 down payment (excluding fees and taxes) might have incurred a yearly financing cost of approximately $6,770 last year, the same $35,000 car with an identical down payment would now cost about $7,270 annually. This discrepancy caused by higher interest rates clearly displays the reason behind higher loan costs today.

Due to the upward pressure on borrowing expenses caused by heightened interest rates, it makes sense why consumer borrowing slowed down in the second quarter of this year. If you were to notice that the car you intended to purchase today has become more expensive to finance through a loan compared to a year or a few months ago, would you be as willing to buy the same car? More than likely, you wouldn't be as willing to purchase the same car. Like most consumers, your likelihood of purchasing a car or any type of product probably falls as the cost of purchase increases.

Furthermore, the elevated interest rates in the overall credit market have translated to considerably higher interest rates on credit cards. Compared to just one year ago, interest rates on credit cards have surged by over 5%, rising from 15.3% to 20.68%. Hence, it is absolutely imperative to settle your credit card dues on time and address any outstanding credit card debt as promptly as possible.

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WEEKLY MARKET UPDATE

TUESDAY

Stock Market: Bank stocks fell sharply after Moody's, a credit rating agency, downgraded 10 small-sized banks, sparking concerns around America's banking stability. Additionally, after news was released highlighting household credit card debt surpassing $1 trillion, investors worried that Americans were overleveraged as a result of increased financial pressures.

Stock Performance Today...

S&P 500: -0.42%   Dow Jones: -0.45%   NASDAQ: -0.79%

Earnings report data from major companies:

	Quarter 1 Revenue	Quarter 2 Forecast Revenue	Quarter 2 Revenue	% Estimated Quarterly Revenue Growth	Today's Stock Growth
Rivian Automotive	$0.66 B	$1 B	$1.12 B	70%	2.14%
Li Auto	$18.79 B	$26.61 B	$28.65 B	52%	-8.62%
Eli Lilly	$6.96 B	$7.58 B	$8.31 B	19%	14.87%
Fox Corp (Class A)	$4.08 B	$3.03 B	$3.03 B	-26%	5.59%
Fidelity Financial	$2.47 B	$2.68 B	$3.07 B	24%	-0.58%
AMC Entertainment	$0.95 B	$1.29 B	$ 1.35 B	42%	-0.59%

WEEKLY MARKET UPDATE

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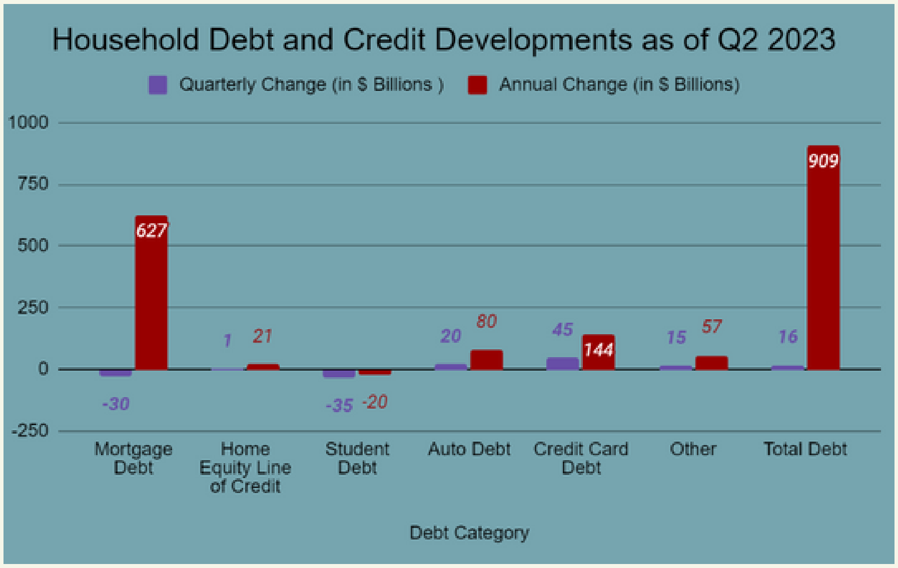
Quarter 2 Household Debt and Credit Report: In the second quarter of 2023, the total household debt experienced a slight increase, reaching $17.06 trillion. This marked a 0.1% rise compared to the first quarter, indicating a general slowdown in household debt growth. Despite the deceleration in overall household debt, it's crucial to examine the developments in specific debt and credit categories.

As of Q2 2023, there were only two types of recorded household debt that saw a decrease: mortgage debt and student loan debt. On the contrary, households embraced additional debt through avenues like home equity lines of credit, auto loans, credit cards, and various other types of credit.

Credit card debt, the category exhibiting the most substantial quarterly fluctuation, surged past $1 trillion following a rise of approximately $45 billion. Owing to this significant escalation, credit card debt takes center stage in this report. Economists, analysts, and households themselves are expressing concern about the mounting credit card debt, as it suggests that households might be struggling to cover their living expenses without relying on credit.



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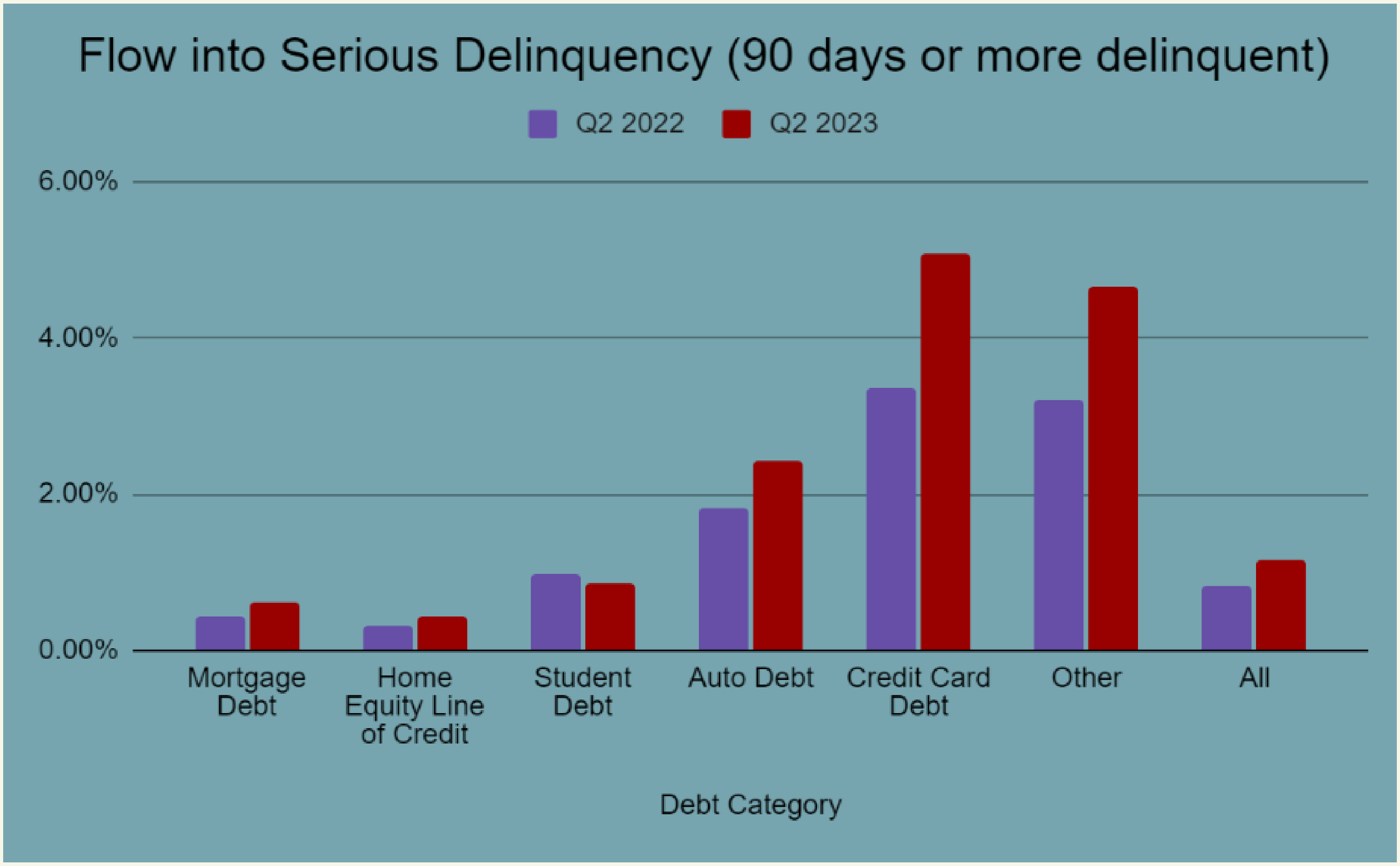
WEEKLY MARKET UPDATE

Today's high-interest rate environment makes it a terrible time to miss credit card payments. As of Q2 2023, the average credit interest rate is over 20%. Unfortunately, not only have people taken on more credit card debt, but more people have also fallen into serious credit card debt delinquency, meaning they have failed to make their payments for 90 days or more. While many people seem to be confident that the U.S. economy is strong, numerous data reports show that the financial conditions for the average American are not as robust as they may seem. Delinquency rates in mortgage debt, home equity lines of credit, auto loans, and other types of credit have also increased, indicating that American households are finding it harder to manage their debt.

What must also be understood is that Federal student loan payments are currently suspended. Therefore, many households are not currently required to repay their student loans. In October, however, households will be expected to resume their student loan repayment schedules. This will likely lead to much higher student loan delinquency rates when they do resume, putting additional financial pressure on American households.



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WEEKLY MARKET UPDATE

WEDNESDAY

Stock Market: After China report weak inflation data, markets reacted negatively, taking it as a sign of a potential contagion effect in economies around the world. Additionally, weak performance in the technology sector was another cause of the market downturn this Wednesday.

Stock Performance Today...

S&P 500: -0.70%

Dow Jones: -0.54%

NASDAQ: -1.17%

Earnings report data from major companies:

	Quarter 1 Revenue	**Quarter 2 Forecast Revenue**	**Quarter 2 Revenue**	**% Estimated Quarterly Revenue Growth**	**Today's Stock Growth**
Walt Disney	$21.82 B	$22.49 B	$22.33 B	2%	-0.73%
The Trade Desk	$0.38 B	$0.45 B	$0.46 B	21%	-5.12%

WEEKLY MARKET UPDATE

THURSDAY

Stock Market: Stocks ended the day in the positive as a result of CPI inflation data coming in lower than expected. While analysts forecasted CPI inflation to rise to 3.3% year-over-year, actual CPI inflation only rose to 3.2%, which came as a positive surprise to analysts and investors.

Stock Performance Today...

S&P 500: 0.03% Dow Jones: 0.15% NASDAQ: 0.12%

CPI Inflation Report (July): CPI inflation, which measures the price fluctuations of various products and services included in typical household spending, increased from 3% in June to 3.2% in July, largely due to higher costs for shelter and car insurance. About 90% of the overall increase in July's CPI inflation was caused by higher prices for shelter.

The cost of shelter has risen by 7.7%, and rent for primary residences has increased by 8% since July of last year, clearly indicating a higher cost of living. Alongside the elevated shelter costs, the expense of motor vehicle insurance has surged to 17.8% over the past year, making vehicle insurance remarkably expensive.

Food prices have risen by 4.9% year-over-year, with food at home up by 3.6% and food away from home up by 7.1%. If you are concerned about elevated prices in food or other expenditure categories, a relatively straightforward strategy to reduce your spending could be to consume more meals at home.

Energy prices have remained low over the past year; however, market pressures in the oil sector have caused energy prices to increase slightly by 0.1% in July to -12.5%.

Despite the overall trend of price increases, prices in the used car market have improved and are now down by 5.6% since last July. Furthermore, medical care services decreased by 1.5% during the same timeframe.

CPI inflation by region:

Northeast (2.6%)
Midwest (2.9%)
South (3.4%)
West (3.5%)

Core CPI, which excludes food and energy to mitigate the impact of their volatility, also increased by 0.2%, now reaching 4.7%.

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WEEKLY MARKET UPDATE

FRIDAY

Stock Market: Markets ended the day with mixed results as investors and analysts weighed CPI inflation data from Thursday and Producer Price Index data from today. Upon information revealing that production prices rose by 0.3% in July, investors and analysts deliberated the possibility of higher prices on producers being passed on to consumers, resulting in higher inflation.

Stock Performance Today...

S&P 500: -0.11%

Dow Jones: 0.30%

NASDAQ: -0.68%

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WEEKLY MARKET UPDATE

Third Quarter 2023 Survey of Professional Forecasters: The Federal Reserve Bank of Philadelphia has conducted a survey involving 37 forecasters, representing esteemed organizations like Morgan Stanley, J.P. Morgan, Visa, Goldman Sachs, and others. According to the insights gathered from the surveyed experts, there is a strong anticipation that the American economy will outperform previous expectations in the current quarter.

Quarter 3 projections for real GDP, which measures total economic output adjusted for inflation, were adjusted from only 0.6% to a much more optimistic 1.9%, highlighting a growing optimism among economic forecasters. As of this Friday, surveyed forecasters expect annual real GDP to grow by over 2%. Additionally, a consistently robust jobs market has led forecasters to adjust their unemployment expectations down to 3.6%, meaning they currently expect unemployment to rise 0.1% by the end of the quarter.

	REAL GDP (%)		UNEMPLOYMENT RATE (%)	
	PREVIOUS	NEW	PREVIOUS	NEW
Quarterly data:				
2023:Q3	0.6	1.9	3.8	3.6
2023:Q4	-0.0	1.2	4.0	3.7
2024:Q1	1.0	1.1	4.1	3.9
2024:Q2	2.5	1.0	4.2	4.0
2024:Q3	N.A.	1.3	N.A.	4.1
Annual data (projections are based on annual-average levels):				
2023	1.3	2.1	3.7	3.6
2024	1.0	1.3	4.3	4.0
2025	2.4	2.1	4.4	4.2
2026	2.3	1.7	4.3	4.1

Risk of a Negative Quarter (%) Survey Means

QUARTERLY DATA:	PREVIOUS	NEW
2023:Q3	45.2	21.7
2023:Q4	41.9	34.4
2024:Q1	39.3	37.6
2024:Q2	31.8	35.4
2024:Q3	N.A.	34.4

Adding to the increased optimism surrounding U.S. economic growth and labor market conditions, experts anticipate a decline in headline CPI and PCE inflation during Q3. This means forecasters expect overall prices to decrease within this quarter.

Despite an expectation of falling prices, expectations of strong economic growth have convinced forecasters that there is a low chance of negative real GDP in this quarter and beyond. Whereas a few months ago, almost half of the forecasters held the belief that the U.S. would encounter negative real GDP growth in this quarter, only about one-fifth now share this viewpoint.

MAJOR STOCK INDEX PERFORMANCE

	S&P 500	Dow Jones Industrial Average	Nasdaq Composite
Percent Change (Monday)	+0.90%	+1.16%	+0.61%
Percent Change (Tuesday)	-0.42%	-0.45%	-0.79%
Percent Change (Wednesday)	-0.70%	-0.54%	-1.17%
Percent Change (Thursday)	+0.03%	+0.15%	+0.12%
Percent Change (Friday)	-0.11%	+0.30%	-0.68%
Weekly Change	-0.31%	+0.61%	-1.90%

U.S. TREASURY SECURITY YIELDS (IN PERCENT)

	1 Mo	2 Mo	3 Mo	4 Mo	6 Mo	1 Yr	2 Yr	3 Yr	5 Yr	7 Yr	10 Yr	20 Yr	30 Yr
Monday	5.54	5.51	5.56	5.53	5.53	5.30	4.76	4.44	4.16	4.13	4.09	4.42	4.27
Tuesday	5.54	5.53	5.57	5.52	5.53	5.35	4.74	4.36	4.10	4.06	4.02	4.35	4.20
Wednesday	5.51	5.52	5.55	5.34	5.54	5.35	4.79	4.41	4.12	4.07	4.00	4.33	4.18
Thursday	5.55	5.52	5.54	5.53	5.52	5.33	4.82	4.47	4.21	4.17	4.09	4.41	4.24
Friday	5.54	5.51	5.54	5.54	5.52	5.36	4.89	4.56	4.31	4.26	4.16	4.45	4.27

LINKS TO ECONOMIC/FINANCIAL DATA FROM THIS WEEK

Federal Reserve's Consumer Credit Report

https://www.federalreserve.gov/releases/g19/current/default.htm

Quarter 2 Household Debt and Credit Report

https://www.newyorkfed.org/microeconomics/calendar.html

CPI Inflation Report (July)

https://www.bls.gov/news.release/cpi.nr0.htm

Third Quarter 2023 Survey of Professional Forecasters

https://www.philadelphiafed.org/surveys-and-data/real-time-data-research/spf-q3-2023

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